

MINUTES OF 222ND MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	23 RD FEBRUARY, 2012	

CONFIDENTIAL AND RESTRICTED

The 222nd Meeting of the Board of Directors of State Life Insurance Corporation of Pakistan was held on Thursday, 23rd February, 2012 at 11.00 a.m. and in the Board Room, State Life Building No.9, Dr. Ziauddin Ahmed Road, Karachi.

PRESENT:

- | | |
|----------------------------|-----------------|
| 1. Mr. Shahid Aziz Siddiqi | Chairman |
| 2. Mr. Hussain Lawai | Director |
| 3. Mr. Farooq Hadi | Director |
| 4. Mr. Wazir Ali Khoja | Director |
| 5. Mr. Tufail Shaikh | Director |
| 6. Mr. Furqan A. Shaikh | Director |
| Mr. Akbarali Hussain | Secretary Board |

LEAVE OF ABSENCE:

- | | |
|---------------------------|----------|
| 1. Mr. Kamran Ali Qureshi | Director |
| 2. Mr. Nihal Anwar | Director |

2. The meeting started with recitation of verses from the Holy Quran by the Chairman.

ITEM (1) INTRODUCTORY REMARKS BY CHAIRMAN.

3. The Chairman welcomed the new members of the Board and thanked them for sparing their valuable time in agreeing to serve on the Board of State Life Insurance Corporation of Pakistan. He looked forward to a smooth and productive working relationship in the Board in the interest of the Corporation and the policyholders it serves. The Chairman hoped that State Life would make further progress during the tenure of the new Board and would be benefitted from the collective wisdom of the Board Members.

4. The Board appreciated the services rendered by members of the previous Board of State Life and wished them well in their future endeavours, prosperity, success and good health.

5. The Chairman informed the Directors that they were nominees of the Federal Government who are the 100 percent owners of State Life Insurance Corporation of Pakistan. The Board has been constituted for a period of two years or till further orders whichever is earlier.

6. The members of the new Board extended their fullest cooperation to the Chairman and assured him of all support and assistance that will be required in the smooth running of the Corporation.

ITEM (2) INTRODUCTION WITH EXECUTIVE DIRECTORS

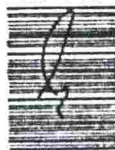
7. The Chairman introduced the Executive Directors to the new Board. The Board was further informed that two of the Executive Directors namely Mr. Mohammad Yahya, and Mr. Shoaib Mir have proceeded to attend the National Management Course of National Management College, Government of Pakistan

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	<p>and will revert back to State Life on completion of the training course in July 2012. The services of the various Executive Directors who belong to DMG Group, Customs, Audit and Accounts, Income Tax have been seconded to State Life. The Executive Directors present, namely, Mr. Muhammad Arif Khan, Ms. Yasmin Saud and Mr. Abdul Hafeez Shaikh introduced themselves to the Board Members.</p> <p>ITEM (3) <u>APPROVAL OF SUB COMMITTEES OF THE BOARD:-</u></p> <ul style="list-style-type: none">(i) Executive Committee(ii) Board Audit Committee(iii) Real Estate and Investment Committee(iv) Human Resources Committee(v) Social Responsibility Committee <p><u>Reconstitution of the Executive Committee:</u></p> <p>8. A new Board of Directors has been constituted vide Notification No.2(1)/2009/SLIC/BoD-Ins dated 6th and 22nd February, 2012 of Ministry of Commerce, Government of Pakistan, Islamabad. The Chairman, State Life therefore presented before the Board, a memorandum dated 20-02-2012 for reconstitution of the Executive Committee in terms of Regulation 5(1) of the State Life Insurance Corporation (General) Regulations, 1972.</p> <p>9. The Chairman State Life proposed that the Executive Committee be reconstituted as follows consisting of the Chairman and not more than four other Directors as per Regulation 5(1) of the State Life Insurance Corporation (General) Regulations, 1972:-</p> <table><tr><td>1) Mr. Shahid Aziz Siddiqi</td><td>Chairman</td></tr><tr><td>2) Mr. Kamran Ali Qureshi</td><td>Member</td></tr><tr><td>3) Mr. Hussain Lawai</td><td>Member</td></tr><tr><td>4) Mr. Wazir Ali Khoja</td><td>Member</td></tr><tr><td>5) Mr. Tufail Shaikh</td><td>Member</td></tr></table> <p>Secretary Board would be the Secretary of the Executive Committee.</p> <p>10. After deliberation, the Board resolved as under:</p> <p><u>RESOLVED:</u></p> <p>"that the reconstitution of the Executive Committee in terms of Regulations 5(1) of the State Life Insurance Corporation (General) Regulations, 1972 as proposed by the Chairman to comprise of (1) Mr. Shahid Aziz Siddiqi, Chairman, (2) Mr. Kamran Ali Qureshi, Director/Member, (3) Mr. Hussain Lawai, Director/Member, (4) Mr. Wazir Ali Khoja, Director/Member, (5) and Mr. Tufail Shaikh, Director/Member is hereby approved. Mr. Shahid Aziz Siddiqi, Chairman would be the Chairman of the Executive Committee. Secretary Board will be the Secretary of the Executive Committee. To constitute a quorum at a meeting of the Executive Committee, not less than three members shall be present as per Clause (4) of Regulation 5 of State Life Insurance Corporation (General) Regulations, 1972."</p>			1) Mr. Shahid Aziz Siddiqi	Chairman	2) Mr. Kamran Ali Qureshi	Member	3) Mr. Hussain Lawai	Member	4) Mr. Wazir Ali Khoja	Member	5) Mr. Tufail Shaikh	Member
1) Mr. Shahid Aziz Siddiqi	Chairman												
2) Mr. Kamran Ali Qureshi	Member												
3) Mr. Hussain Lawai	Member												
4) Mr. Wazir Ali Khoja	Member												
5) Mr. Tufail Shaikh	Member												

Action:
Secretary
Board
ED(P&GS)
DH(P&GS)

CHAIRMAN'S
INITIALS


Action:
Secretary
Board
ED(P&GS)
DH(P&GS)

CHAIRMAN'S
INITIALS



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Reconstitution of the Board Audit Committee:

11. A new Board of Directors has been constituted vide Notification No.2(1)/2009/SLIC/BoD-Ins dated 6th and 22nd February, 2012 of Ministry of Commerce, Government of Pakistan, Islamabad, therefore the Chairman, State Life presented before the Board, a memorandum dated 20-02-2012 for reconstitution of the Board Audit Committee under Article 24 of the Life Insurance (Nationalization) Order, 1972 (LINO).

12. The Chairman State Life proposed that the Board Audit Committee be reconstituted as follows:-

- | | |
|------------------------|-------------|
| 1) Mr. Hussain Lawai | Chairperson |
| 2) Mr. Farooq Hadi | Member |
| 3) Mr. Wazir Ali Khoja | Member |
| 4) Mr. Nihal Anwar | Member |

Divisional Head (IA&C) would be the Secretary of the Board Audit Committee.

13. After deliberation, the Board resolved as under:

RESOLVED:

"that the reconstitution of Board Audit Committee as proposed by the Chairman to comprise of the following four members of the Board of Directors is hereby approved:- (1) Mr. Hussain Lawai, Director/Chairperson, (2) Mr. Farooq Hadi, Director/Member, (3) Mr. Wazir Ali Khoja, Director/Member and (4) Mr. Nihal Anwar, Director/Member. Divisional Head(IA&C) will be the Secretary of the Board Audit Committee. The quorum of the meeting of the Board Audit Committee would be presence of not less than three members."

Reconstitution of the Real Estate and Investment Committee:

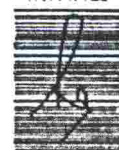
14. A new Board of Directors has been constituted vide Notification No.2(1)/2009/SLIC/BoD-Ins dated 6th and 22nd February, 2012 of Ministry of Commerce, Government of Pakistan, Islamabad, therefore the Chairman, State Life presented before the Board, a memorandum dated 20-02-2012 for reconstitution of the Real Estate and Investment Committee.

15. The Chairman State Life proposed that the Real Estate and Investment Committee be reconstituted as follows comprising of four members of the Board including the Chairman:-

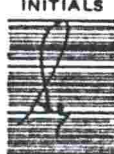
- | | |
|----------------------------|------------------|
| 1) Mr. Shahid Aziz Siddiqi | Chairman |
| 2) Mr. Hussain Lawai | Member |
| 3) Mr. Wazir Ali Khoja | Member |
| 4) Mr. Nihal Anwar | Member |
| 5) Executive Director(RE) | Member |
| 6) Divisional Head (Inv) | Member |
| 7) Divisional Head (RE) | Member/Secretary |

Action:
Secretary
(BAC)
ED(P&GS)
DH(P&GS)

CHAIRMAN'S
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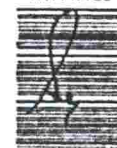
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<p>Action: Secretary (REIC)/ ED(RE) ED(P&GS) DH(Inv) DH(RE) DH(P&GS)</p>	<p>16. After deliberation, the Board resolved as under:</p> <p>RESOLVED:</p> <p>"that the reconstitution of the Real Estate and Investment Committee as proposed by the Chairman to comprise of (1) Mr. Shahid Aziz Siddiqi, Chairman, (2) Mr. Hussain Lawai, (3) Mr. Wazir Ali Khoja, Director/Member, (4) Mr. Nihal Anwar, Director/Member, and (5) Executive Director (Real Estate)/Member, (6) Divisional Head (Investment)/Member and (7) Divisional Head(Real Estate)/Member is hereby approved. The Chairman State Life would be the Chairperson of the Committee. Divisional Head(Real Estate) will also be the Secretary of the Real Estate and Investment Committee. The quorum of the meeting of the Real Estate and Investment Committee would be presence of not less than four members."</p> <p>Reconstitution of the Human Resources Committee:</p> <p>17. A new Board of Directors has been constituted vide Notification No.2(1)/2009/SLIC/BoD-Ins dated 6th and 22nd February, 2012 of Ministry of Commerce, Government of Pakistan, Islamabad, therefore the Chairman presented before the Board, a memorandum dated: 20-02-2012 for reconstitution of the Human Resources Committee.</p> <p>18. The Chairman State Life proposed that the Human Resources Committee be reconstituted as follows:-</p> <table><tr><td>1.</td><td>Mr. Shahid Aziz Siddiqi</td><td>Chairman</td></tr><tr><td>2.</td><td>Mr. Kamran Ali Qureshi</td><td>Member</td></tr><tr><td>3.</td><td>Mr. Farooq Hadi</td><td>Member</td></tr><tr><td>4.</td><td>Mr. Wazir Ali Khoja</td><td>Member</td></tr><tr><td>5.</td><td>Mr. Furqan A. Shaikh</td><td>Member</td></tr><tr><td>6.</td><td>Executive Director(P&GS)</td><td>Member/Secretary</td></tr></table> <p>19. After deliberation, the Board resolved as under:</p> <p>RESOLVED:</p> <p>"that in terms of Regulation 33(1) & (2) of State Life Employees (Service) Regulations, 1973, the reconstitution of the Human Resources Committee as proposed by the Chairman to comprise of (1) Mr. Shahid Aziz Siddiqi, Chairman, (2) Mr. Kamran Ali Qureshi, Director/Member, (3) Mr. Farooq Hadi, Director/Member, (4) Mr. Wazir Ali Khoja, Director/Member, (5) Mr. Furqan A. Shaikh, Director/Member and (6) Executive Director(P&GS) as Member and Secretary of the Human Resources Committee is hereby approved. The Chairman State Life would be the Chairperson of the Committee. The quorum of the meeting of the Human Resources Committee would be presence of not less than four members."</p>	1.	Mr. Shahid Aziz Siddiqi	Chairman	2.	Mr. Kamran Ali Qureshi	Member	3.	Mr. Farooq Hadi	Member	4.	Mr. Wazir Ali Khoja	Member	5.	Mr. Furqan A. Shaikh	Member	6.	Executive Director(P&GS)	Member/Secretary	
1.	Mr. Shahid Aziz Siddiqi	Chairman																		
2.	Mr. Kamran Ali Qureshi	Member																		
3.	Mr. Farooq Hadi	Member																		
4.	Mr. Wazir Ali Khoja	Member																		
5.	Mr. Furqan A. Shaikh	Member																		
6.	Executive Director(P&GS)	Member/Secretary																		
<p>Action: Secretary (HRC) ED(P&GS) DH(P&GS)</p>		<p>CHAIRMAN'S INITIALS</p> 																		

Action:
Secretary
(REIC)/
ED(RE)
ED(P&GS)
DH(Inv)
DH(RE)
DH(P&GS)

Action:
Secretary
(HRC)
ED(P&GS)
DH(P&GS)

CHAIRMAN'S
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Reconstitution of the Social Responsibility Committee:

20. A new Board of Directors has been constituted vide Notification No.2(1)/2009/SLIC/BoD-Ins dated 6th and 22nd February, 2012 of Ministry of Commerce, Government of Pakistan, Islamabad, therefore the Chairman, State Life presented before the Board, a memorandum dated 20-02-2012 for reconstitution of the Social Responsibility Committee.

21. The Chairman State Life proposed that the Social Responsibility Committee be reconstituted as follows comprising of four members of the Board including the Chairman:-

- | | |
|----------------------------|----------|
| 1) Mr. Shahid Aziz Siddiqi | Chairman |
| 2) Mr. Nihal Anwar | Member |
| 3) Mr. Tufail Shaikh | Member |
| 4) Mr. Furqan A. Shaikh | Member |

Secretary Board would be the Secretary of the Social Responsibility Committee.

22. After deliberation, the Board resolved as under:

RESOLVED:

"that the reconstitution of the Social Responsibility Committee as proposed by the Chairman to comprise of (1) Mr. Shahid Aziz Siddiqi, Chairman, (2) Mr. Nihal Anwar, Director/Member, (3) Mr. Tufail Shaikh, Director/Member and (4) Mr. Furqan A. Shaikh, Director/Member is approved. The Chairman State Life would be the Chairperson of the Committee. Secretary Board will be the Secretary of the Social Responsibility Committee. The quorum of the meeting of the Social Responsibility Committee would be presence of not less than three members."

ITEM (4) PRESENTATION BY:Marketing Division:

23. Divisional Head(Marketing) gave a presentation on State Life Insurance Corporation of Pakistan covering therein mission statement and objectives of the Corporation. An introduction regarding establishment of the Corporation through nationalization of the existing insurance companies was submitted before the Members of the Board.


24. DH(Marketing) explained the details of the offices of the Marketing Division which consists of Marketing Division at Principal Office, four Regional Offices and 26 Individual Life Zones and Gulf Zone at Dubai. The Marketing activities are monitored by the Marketing Division at Principal Office on monthly, quarterly and yearly basis. As of 31-12-2011 there were 124181 Sales Representatives, 13103 Sales Officers and 5116 Sales Managers remunerated on commission basis. There are 178 Sector Offices headed by AGM/Manager Marketing and 886 Area Managers. The existing field structure was approved by the Board in its 167th meeting held at Peshawar on 13th July, 2002.

Action:
Secretary
Board/
DH(P&GS)
DGM(GS)

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	<p>25. The first year premium of Pakistan Business for the year 2011 increased to Rs.11.602 billion from Rs.9.337 billion in 2010 showing an increase of 24.26% whereas second year persistency was 82.90% in 2011 as compared to 84.39% in 2010. The Number of policies procured in 2011 was 728448 as compared to 651460 in 2010 showing an increase of 11.82%. The number of policies sold in 2011 has increased from 317967 in 2007 to 728449 in 2011. The second year premium has increased from Rs.2.588 billion in 2007 to Rs.7.740 billion in 2011 whereas the renewal premium has increased from Rs.7.541 billion in 2007 to Rs.17.049 billion in 2011. The renewal persistency was 87.25% in 2011. The average first year premium per policy in 2011 was Rs.15,928. The number of SRs recruited has increased from 21113 in 2007 to 47953 in 2011. The target for first year premium for the year 2012 is Rs.15.672 billion. The Board desired that seasonal charts be prepared for sale of life insurance policies. The first year premium has increased from Rs.3.699 billion in 2007 to Rs.11.602 billion in 2011</p>		
Action: ED(Mkt) DH(Mkt)	<p>26. To a query, the Board was informed that the SECP has circulated draft rules for Takaful Insurance to all stakeholders including State Life. Our comments have been submitted to SECP. On promulgation of rules which will now allow all existing Insurance Companies operating on conventional insurance to operate a window for Takaful Insurance, State Life will take appropriate measures to enter the Takaful Field.</p>		
	<p>27. The first year premium of Gulf Business for the year 2011 increased to US\$: 4.328 million from USD: 3.553 million in 2010 showing an increase of 21.81% whereas second year persistency was 70.40% in 2011 as compared to 66.61% in 2010. The number of policies procured in 2011 was 2293 as compared to 2032 in 2010 showing an increase of 12.84%.. The Board was informed that State Life has its offices in Dubai, Abu Dhabi, Kuwait and Riyadh, Al Alain and Sharjah. The Board was also informed that efforts are continuing to meet the requirements of local insurance laws in Saudi Arabia which required local investment in partnership with local sponsors.</p>		
	<p>28. DH(Marketing) informed the Board that State Life has signed its first Banc Assurance Agency Agreement with UBL and will start selling individual life policies through UBL hopefully by the end of March 2012.</p>		
Action: ED(Mkt) DH(Mkt)	<p>29. It was suggested that a criteria be laid down for banks to be selected for Banc Assurance of State Life products and a letter be written to all the banks inviting them to market State Life products. If possible, the criteria for doing business through the banks should include a minimum first year and renewal premium target to be achieved and a certain percentage of minimum second year and renewal persistency be specified in the agreement. The Chairman endorsed the above views for necessary action. The Board was informed that State Life currently holds 70% of the market share of life insurance. The life insurance penetration in Pakistan was hardly 0.75% of the population whereas it was 4.5% in Bangladesh and 9% in India. The international bench mark for second year persistency was 75% whereas it was 85% for renewal persistency. The maximum amount of commission permissible for first year premium under Banc Assurance is 60%. The Banc Assurance business would help in reducing cost expense ratio.</p>		
			CHAIRMAN'S INITIALS 

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DIRECTORS	HELD AT	ON	TIME												
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Action: ED(Mkt) DH(Mkt)	<p>30. The Chairman informed the Board that a Task Force comprising of representatives of SLIC, all private sector insurance companies, SBP, SECP, SUPARCO, APTMA, Chambers of Agriculture and Agricultural Department of all the four Provinces has been formed who are working to develop a crop insurance scheme in the country. Action is in hand under the directives of Federal Minister of Commerce of the Government of Pakistan with Chairman State Life as Coordinator.</p> <p><u>Finance & Accounts Division:</u></p> <p>31. Executive Director(Finance & Accounts) gave a presentation on State Life Insurance Corporation of Pakistan mentioning therein the organogram of F&A Division and details of various accounting centres of State Life.</p> <p>32. ED(F&A) submitted before the Board the details of functions of Finance & Accounts Division as follows:-</p> <p><u>Collection:</u></p> <ul style="list-style-type: none">- Collection of premium- Collection of policy loans and other miscellaneous receipts- Deposit of cash and cheques in bank- Maintaining financial controls in handling cash and dealing with banks. <p><u>Disbursement (Payments):</u></p> <ul style="list-style-type: none">- Payment to policyholders- Payment to field workers and employees on account of salary- Administrative payments- Other management expenses and capital expenditure- Bank reconciliation and maintenance of books of accounts <p><u>Budget:</u></p> <ul style="list-style-type: none">- Preparation of annual budget- Allocation of budget- Maintenance of budgetary control <p><u>Corporate Taxation:</u></p> <ul style="list-style-type: none">- E-filing of returns and statements- Computation and calculation of tax <p><u>Commercial Audit:</u></p> <ul style="list-style-type: none">- Government Audit- DAC and PAC meetings <p><u>Finalization of Accounts:</u></p> <ul style="list-style-type: none">- Preparation of annual accounts as on 31st December each year- Submission of statements and returns to SECP. <p><u>Accounting and Reporting:</u> Deadlines for submission of quarterly and annual accounts to SECP:</p> <table><tr><td>- For 31st March</td><td>-</td><td>By 15th May</td></tr><tr><td>- For 30th June</td><td>-</td><td>By 15th August</td></tr><tr><td>- For 30th September</td><td>-</td><td>By 15th November</td></tr><tr><td>- For 31st December</td><td>-</td><td>By 30th April of the following year</td></tr></table>			- For 31 st March	-	By 15 th May	- For 30 th June	-	By 15 th August	- For 30 th September	-	By 15 th November	- For 31 st December	-	By 30 th April of the following year
- For 31 st March	-	By 15 th May													
- For 30 th June	-	By 15 th August													
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CHAIRMAN'S INITIALS



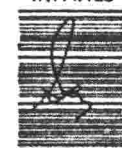
CHAIRMAN'S
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<p>Action Plan:</p> <ul style="list-style-type: none"> - Cash Management System with banks - Acceptance of premium payment through credit cards - Necessary adjustments in manual and computerized activities to incorporate the functions of F&A relating to Banc assurance and Health & Accident Insurance. - Internship Scheme for Accounting Professionals. <p>33. ED(F&A) submitted before the Board the financial highlights for the year 2007 to 2011.</p> <p>34. It was suggested that State Life may look into the possibility of acceptance of premium through debit cards and prepaid cards also.</p> <p>Investment Division:</p> <p>35. Divisional Head(Investment) gave a presentation on State Life Insurance Corporation of Pakistan in respect of organizational set up of Investment Division which consists of:-</p> <ul style="list-style-type: none"> - Research Section - Money Market Section - Capital Market Section - Corporate Affairs Section - Settlement Section - Finance & Account Section - Investment Committee: <ul style="list-style-type: none"> Chairman Convener Executive Director Finance Member Executive Director Law Member General Manager Investment Member Divisional Head Actuarial Member AGM Investment Member Manager Investment Member - Role of Investment Committee: <ul style="list-style-type: none"> Make decision w.r.t. Investment/Disinvestment Approve amount and yield for purchase of Bonds from SBP auction/ Secondary market. Approve purchase of shares of listed companies along with quantity and price ceiling. Approve sale of shares of companies along with quantity and floor price. Approve empanelment of Brokerage Houses for equity trading Provide operational guidelines for investment Evaluation of investment performance. 			

Action:
ED(F&A)
DH(F&A)

CHAIRMAN'S
INITIALS



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	<p>36. DH(Investment) submitted before the Board as follows:-</p> <ul style="list-style-type: none">- the purpose of the investment policy followed by State Life was to ensure stable and predictable return in longer run while ensuring maximum protection of invested assets and to minimize duration gap between assets & liabilities of the Corporation.- Legal Provisions for investing:<ul style="list-style-type: none">• Insurance Ordinance 2000 – provides guidelines for admissible assets.• Insurance Rules 2002 – SRO's issued to fix limits of investments in each category of assets.• Government of Pakistan Guidelines.• SECP Guidelines- Permissible investments <p><u>SRO 498(1)/2002</u></p> <table><tr><td><u>Assets:</u></td><td><u>% of Life Fund</u></td></tr><tr><td>Government Securities</td><td>Max. 30%</td></tr><tr><td>Government Securities & Other approved securities</td><td>Max. 10%</td></tr></table> <p><u>Insurance Rules 2002</u></p> <table><tr><td>Loan secured against immovable properties.</td><td>50% on 31-12-2011 35% on 31-12-2012 20% on 31-12-2013</td></tr><tr><td>One unit of immovable property</td><td>5%</td></tr><tr><td>Total immovable property</td><td>60% on 31-12-2011 45% on 31-12-2012 35% on 31-12-2013</td></tr><tr><td>Shares in one company or group of companies</td><td>5%</td></tr><tr><td>Shares of listed companies in aggregate</td><td>70% on 31-12-2011 60% on 31-12-2012 50% on 31-12-2013</td></tr><tr><td>Shares of unlisted companies</td><td>2.5%</td></tr><tr><td>Immovable property and shares in aggregate</td><td>80% on 31-12-2011 70% on 31-12-2012 60% on 31-12-2013</td></tr><tr><td>Loan to any one person or group of related persons</td><td>1% one person 2% group of related persons</td></tr></table>			<u>Assets:</u>	<u>% of Life Fund</u>	Government Securities	Max. 30%	Government Securities & Other approved securities	Max. 10%	Loan secured against immovable properties.	50% on 31-12-2011 35% on 31-12-2012 20% on 31-12-2013	One unit of immovable property	5%	Total immovable property	60% on 31-12-2011 45% on 31-12-2012 35% on 31-12-2013	Shares in one company or group of companies	5%	Shares of listed companies in aggregate	70% on 31-12-2011 60% on 31-12-2012 50% on 31-12-2013	Shares of unlisted companies	2.5%	Immovable property and shares in aggregate	80% on 31-12-2011 70% on 31-12-2012 60% on 31-12-2013	Loan to any one person or group of related persons	1% one person 2% group of related persons
<u>Assets:</u>	<u>% of Life Fund</u>																								
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CHAIRMAN'S INITIALS



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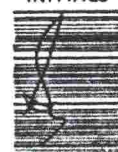
DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	23 RD FEBRUARY, 2012	
	<p>Circular No.F-4(1)/2002-Br-11 dated 2nd July, 2003 of Ministry of Finance – provides guidelines for:</p> <ul style="list-style-type: none"> - Maximum placement of funds with banks - Criteria for selecting banks for deposits placement - Criteria for TFCs investment <p>37. DH(Investment) presented before the Board the objectives, strategy and procedures for investment in shares and criteria for selection of brokerage houses for equity trading as follows:-</p> <p>Investment Objectives:</p> <ul style="list-style-type: none"> - Ensure appreciation in value of investment - Ensure predictable and consistent dividend income stream over investment horizon. <p>Investment Strategy:</p> <ul style="list-style-type: none"> - Buy when shares meet criteria - Sell when performance is weak or when required <p>Recommendation of capital market section:</p> <ul style="list-style-type: none"> - Research section presents proposal to Investment Committee - Recommendation is based on expected earning and dividend yield - Investment Committee makes decision w.r.t. purchase/sale of shares - Approve price ceiling or floor <p>Selection criteria for selection of Brokerage Houses for equity trading:</p> <ul style="list-style-type: none"> - Management - Business capacity - Executive capability - Market reputation - Research capabilities <p>38. DH(Investment) submitted that the investment in government securities was made on the recommendation of the money market section which was based on position of surplus fund and interest rates scenario and market sentiment. The recommendation is placed before the Investment Committee along with the recommendation of Appointed Actuary for decision.</p> <p>39. The investment in corporate debts (TFCs) is made on the recommendation of research section which receives proposals from investment advisor/brokerage house/banks on the basis of risk and return, financial fundamentals of the issuer and the credit rating of the TFCs and issuer.</p> <p>40. The deposits in banks is made in one year TDR's and daily product accounts when the deposit rates are higher than the T-Bills. Such deposits are made on recommendation by research section after evaluation of requests received from banks on the basis of financial fundamentals of bank, credit rating, profitability, assets base and current exposure to banks.</p>		

Action:
DH(Inv)

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DH(Inv)

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DH(Inv)

CHAIRMAN'S
INITIALS





MINUTES OF 222ND MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	23 RD FEBRUARY, 2012	
<p>Action: DH(Inv)</p> <p>Action: DH(Inv)</p> <p>Action: ED(G&P) DH(G&P)</p> <p>Action: ED(G&P) DH(G&P)</p> <p>Action: ED(RE) DH(RE)</p>	<p>41. DH(Investment) also gave a break down of various segment of investments as of 17-02-2012 which amounted to Rs.213.435 billion in government securities, Rs.3.819 billion in corporate debts, Rs.25.238 billion in equities, Rs.14.521 billion in bank deposits, Rs.3.1 billion in property and Rs.21.25 billion in loans to policyholders. The total of investment portfolio worked out to Rs.281.363 billion. The investment yield for the year 2011 is expected to be 13% with a total investment income of Rs.30.282 billion as compared to the previous years' yield of 13% with a total investment income of Rs.27.434 billion.</p> <p>42. The Board was informed in response to a query that State Life was getting 12.5% mark up on daily product basis from HBL. Furthermore, approval of the Board of Directors was required for TFCs only when the sum invested exceed Rs.100 million.</p> <p><u>Group & Pension Division.</u></p> <p>43. DH(G&P) informed the Board that State Life has entered into a agreement with a Benazir Income Support Programme (BISP) for life insurance coverage of Rs.100,000 of the breadwinner. The premium agreed is Rs.230 per person including administrative charges of Rs.80 per person. The scheme would be administered by State Life on no loss no profit basis. The total number of lives covered would be 2 million.</p> <p>44. DH(G&P) further informed that health coverage would be given by State Life to the beneficiaries of BISP for which a premium of Rs.2250 per family would be charged as a result of negotiations between BISP and SLIC. The rates quoted have been duly approved by our Appointed Actuary. The health coverage would be Rs.25000 per family irrespective of number of family members. Action is in hand to develop capacity building through various international agencies under the medium of BISP.</p> <p><u>Real Estate Division:</u></p> <p>45. Due to paucity of time, the presentation of Real Estate Division was deferred to be taken by REIC Committee in its first meeting.</p> <p>ITEM (5) <u>ANY OTHER ITEM WITH THE PERMISSION OF THE CHAIR.</u></p> <p><u>De-freezing of Pension for Officers as per Supreme Court decision</u></p> <p>46. The Chairman State Life informed the Board that Board of Directors in its 156th meeting held on 7th October, 2000 had decided to revise the pay structure, fringe benefits and retirement benefits for the officers of the Corporation w.e.f. 1-1-2000 based on which the pension accrual for past services upto 31-12-1999 would be determined on the basis of service upto that date and as per pay inforce as of that date. Subsequently the pension calculated as above as at 31-12-1999 would be increased each year upto the date of pension commencement by 1% less than the rate of investment return earned by the Pension Fund. As to Provident Fund officer's contribution at 8.33% of basic p.m. plus a matching contribution by the Corporation shall apply to all officers governed by the new structure irrespective of whether they had earlier opted for pension scheme.</p>		

CHAIRMAN'S
INITIALS


MINUTES OF 222ND MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME						
MINUTE BOOK	KARACHI	23 RD FEBRUARY, 2012							
	<p>47. The pension and provident fund regulations did not get legal sanctity of the Federal Government in terms of Article 49 of LINO, as such the same was assailed in the Courts and Supreme Court, which vide its judgment dated 9th February, 2011 has set aside the administrative orders.</p> <p>48. The pension liability valuation provided by Actuarial Division as on 31st December 2010 is as follows:-</p> <table><tr><td>Total revised pension liability</td><td>Rs.4,085,955,779/-</td></tr><tr><td>Less: Liability under Freezing Scheme of Pension</td><td>Rs.2,415,852,134/-</td></tr><tr><td>Additional Increase</td><td>Rs.1,670,103,644/-</td></tr></table> <p>49. The net financial impact of pension liability provided by F&A Division, after adjustment of Provident Fund Cooperation Contribution and Gratuity balance in respect of existing employees as on 31-12-2010 comes to Rs.927.716 million.</p> <p>50. The Chairman further informed the Board that in light of above, the Board of Directors after review will have to approve the modus operandi of the pension scheme for the officers of the Corporation in the light of the Supreme Court decision or the Actuarial Division may be advised to propose revised pension scheme to be launched with the approval of Federal Government from a prospective date. Further the Board's approval would be required to settle the cases of approximately 552 officers' retired upto 31-01-2012 (21 already settled as per Court Orders) in accordance with Supreme Court orders.</p> <p>51. The Board directed that a proper presentation be submitted in detail to the HR Committee of the Board which would review the same and submit its recommendation to the Board at its next meeting for decision.</p> <p>52. The meeting ended with vote of thanks to the chair.</p> <div style="text-align: right;"> (CHAIRMAN)</div>			Total revised pension liability	Rs.4,085,955,779/-	Less: Liability under Freezing Scheme of Pension	Rs.2,415,852,134/-	Additional Increase	Rs.1,670,103,644/-
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